

15 MAR 1985

MEMORANDUM FOR: Director of Central Intelligence
FROM: Harry E. Fitzwater
Deputy Director of Administration
SUBJECT: Retirement Proposals and Concerns

DD/A REGISTRY

FILE: 100-113

1. I am sending you these additional comments for discussion at our later meeting on retirement.
2. First, let me say how much we all appreciate your understanding and support for the need to seek an exemption from the proposed reforms for the entire Agency and not just for CIARDS personnel, as suggested by Mr. Stockman. To do otherwise would be fatal. It would betray the commitments made to all employees that you understood their concerns about these reforms and that you would do everything you could to protect their equities. Even more important, an exemption just for CIARDS would severely handicap the hiring and management of Agency personnel with grave consequences for our ability to fulfill our mission. Moreover, Mr. Stockman's observation that our "desk-bound" headquarters personnel should not be treated any differently than employees elsewhere merely reflects how little he knows about the character of the Agency, its organization, the substance of the work performed by our employees, the demands made of our employees, the way we use our people, and the Agency's personnel management philosophy and systems.
3. We also strongly support the view that even though the soundings from the Congress indicate that little if any action will be taken on the sweeping retirement reforms this year, now is the time to formulate our position and develop our strategy for seeking an exemption from those reforms. We must avoid a "mind-set" that might be difficult to overcome later when action on the reforms actually begins. We should make our case now, and I believe we have a strong case to make.
4. The most crippling feature of the proposed retirement reforms is that which will lengthen the age for a full annuity without reduction to 65. If enacted without exemption for CIA, it will destroy one of the

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a. So many positive, indeed vital, benefits accrue to the Agency when large numbers of our employees retire at ages earlier than elsewhere in government: exciting career opportunities we can offer recruits; the rewards of promotion and advancement to significant levels of responsibility we can offer to promising officers; the substantial headroom that has traditionally been created at the mid to higher levels by a policy which encourages employees to retire as soon as they are eligible and a retirement system that allows them to do so; the avoidance of RIFs for employees who are blocking the paths of more deserving officers; and the attraction of serving a full career yet being able to retire at an age early enough to allow a second career elsewhere.

b. The conviction that early retirement was in the best interests of the Agency is not new, indeed it is long standing. We can document the fact that as early as the mid-1950's, senior management became concerned about excessively long careers and the impact this could have on the management of employees and mission fulfillment. In turn, the Agency began to develop a policy that encouraged early retirement. This led in 1959 to what was then a dramatic and bold policy decision to require employees to retire as soon as eligible but no later than age 60. (At the time, all employees were under the Civil Retirement System.)

c. When the "mandatory" policy was first announced and for years thereafter, there was a strong reaction by employees affected, and some even threatened to take us to court. The Agency, convinced that what it was doing was right, held firm and the policy finally took hold. In large measure the policy succeeded because of an entirely new and innovative program, the pre-retirement counselling program. Aimed at preparing employees for retirement, the program resulted in a dramatic change in the attitude of employees; not only did the resistance to the 'mandatory' policy change, but employees began to retire at even earlier ages. In the 1970's we eliminated the policy for Civil Service types, not because our view had changed but as a price for getting certain benefits for CIARDS. Yet, even after the policy changed employees still retired early and at ages far younger than elsewhere in government.

d. This discussion on our old "mandatory" retirement policy is directly relevant to our present deliberations on seeking an exemption from the current retirement proposals for the entire Agency. We can establish beyond any question that for almost 30

of the Agency's 37 years of existence it has believed it crucial to its mission to have a policy that encouraged retirements at ages much earlier than elsewhere in government. Moreover, this history can be used to fight off any suggestions that we are merely reacting to the current proposals because the reforms will hurt our people. Our case is that the reforms will hurt the Agency, and we can prove it with years of statistics and the weight of evidence.

5. One last point on our historical conviction that early retirement is in the best interest of the Agency. At Attachment A, you will find a memorandum dated 30 April 1968 dealing with the Agency's retirement policy. Attached to that memorandum is a Retirement Rationale. I urge you to read the attachment because the principles stated in the Retirement Rationale supporting the need for early retirement in CIA are as valid today as they were then. Let me highlight some points from that attachment.

- a. It establishes that the Agency's early retirement policy was first adopted in 1959.
- b. It makes the strongest possible case for the importance of the intelligence product to national security and the need to have an Agency staffed with persons of the highest available quality.
- c. It identifies the need for selective recruitment and managed career development as well as managed progression of deserving officers to assignments of increasing levels of responsibility.
- d. It explains the need for attrition throughout the Agency either on a voluntary basis or involuntary basis.
- e. Moreover, it anticipated--in 1968--Mr. Stockman's current view to favor CIARDS only. While recognizing that it would be possible to distinguish some Agency employees from others, the Rationale supplies compelling reasons for not doing so. It also makes the point that retirement in CIA at ages comparable to retirement for most federal employees would result in the gradual accumulation of an excessive number of employees of declining performance, a consequence the Agency and the national interest could not afford to suffer.
- f. The summary paragraph 12 of the Rationale makes the case that by shortening the career span of all employees, service in intelligence will continue to be highly attractive to outstanding men and women. In the end, our national intelligence objectives will be served.

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5. Again, to counter Mr. Stockman's views, I believe that we can compile an impressive list of examples of the kinds of duties performed by our "desk bound" employees and the demands placed on them. At Attachment B, you will find some such examples which I quickly pulled together. These examples are of activities by individuals not under CIARDS. It is interesting to note that [] of our employees overseas are under Civil Service, [] of all employees are under Civil Service, but only [] retire under the Civil Service Retirement Plan. The other Deputies can probably provide an equally impressive set of examples from their directorates.

6. One last comment: I believe that we can argue forcefully that the Agency is unique because its mission is unique. Our enabling statute, special authorities granted to the DCI, our existing exemptions from other statutes which bind the manner in which other federal agencies operate make the case for us. Congress, through legislation governing the DCI and Central Intelligence Agency, has already recognized that CIA's mission is unique and different from the rest of government. An Agency-wide exemption from the retirement reforms would be merely another manifestation of Congress's acceptance of this fact.

Harry E. Fitzwater
Harry E. Fitzwater

Attachments:
As Stated

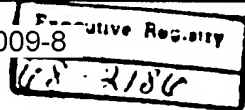
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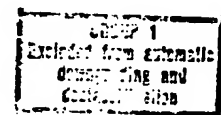


Attachment A

30 April 1968

MEMORANDUM FOR: Director of Central Intelligence**SUBJECT : Retirement Policy**

1. This memorandum submits recommendations for your approval in paragraph 4.
2. During the past several weeks I have reviewed the Agency's retirement policy with the Deputy Directors, the General Counsel, the Inspector General, the Director of Personnel, and the Chairman of the CIA Retirement Board.
3. Our discussion and conclusions are summarized as follows:
 - a. The National Security Act of 1947, Section 102 (c), provides, "Notwithstanding the provisions of section 6 of the Act of August 24, 1912 (37 Stat. 555), or the provisions of any other law, the Director of Central Intelligence may, in his discretion, terminate the employment of any officer or employee of the Agency whenever he shall deem such termination necessary or advisable in the interests of the United States, but such termination shall not affect the right of such officer or employee to seek or accept employment in any other department or agency of the Government if declared eligible for such employment by the United States Civil Service Commission."
 - b. The principal issue of our discussion, and from which all others flow, is whether the Agency should have a policy requiring retirement earlier than provided by law under the Civil Service Retirement Act or the CIA Retirement and Disability System for GS-18s and above. After considerable discussion, it was the consensus that there should be an early retirement policy with a stipulated age at which most employees

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should leave. At the same time, it was recognized that, because the Directorates have different problems, Agency policy should be flexible enough to permit liberal exceptions when justified. This appears to be particularly true in the Intelligence Directorate because of the various types of professional employees needed and because these professionals often are individuals who have prepared themselves through academic study for long-range professional careers where an arbitrary retirement age would not be a condition of employment. Rationale in support of such a policy is attached at Tab A.

c. Having reached agreement that the Agency should have an early retirement policy with provision for exceptions to meet particular needs or circumstances, we then discussed the types of exceptions that could be identified and action recommended in advance. General agreement was reached on the following:

(1) There should be no general exception for employees who argue that at the time they entered on duty they were led to believe (or now believe) that they had the right to work until age 65 or 70, depending on the retirement system in which they participate.

(2) There is a small group (12) of Agency employees who will not have 12 years of creditable service by their scheduled retirement date. We feel that these employees, as a group, should be permitted to remain on duty until they accumulate 12 years of service when they earn the right to continue important statutory hospitalization and life insurance coverage.

(3) As originally conceived in 1959, our early retirement policy expected employees to retire at age 60 with 30 years of service or at age 62 with at least 5 years of service. When the Civil Service Retirement Act was amended in 1966 to include a provision for optional retirement at age 60 with 20 years of service, Agency policy was in turn revised. There were some employees who prior to the revision of Agency policy had been informed

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that their scheduled retirement would be at age 62 and presumably planned accordingly. With the change, their scheduled retirement age was lowered to 60. We feel that these employees should be permitted to remain on duty until age 62 if they so request. This does not include those employees who at age 60 have at least 30 years of service since this was a requirement under the earlier Agency policy.

(4) An overall exception should be made for the group of printers (57) who were induced to transfer from the Government Printing Office to the Agency with the assurance that they would not lose any benefits.

(5) There should be no overall exception for lower graded clerical employees. Each such case should be considered on its own merits.

(6) There should be no overall exception for employees with technical skills in grades GS-7 and below even though it might be difficult to recruit replacements and their loss would create training problems. Each such case should be considered on its own merits.

(7) No overall exception should be made for employees merely because they are writing Agency history.

4. It is recommended that:

a. Agency policy continue to provide that employees generally will be required to retire at age 60 or as soon thereafter as they are eligible for optional retirement under the law, regardless of whether they are covered by the Civil Service or the CIA retirement system.

b. Exceptions to the general policy be considered by the Director on an individual case basis when requested by the Head of Career Service or a Deputy Director.

- 3 -

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c. Overall exceptions as indicated in paragraphs 3. c. (2), (3), and (4) above be approved.

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L. K. White
Executive Director - Comptroller

Attachment
Rationale

CONCUR:

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Deputy Director
for Support

Deputy Director
for Plans

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Deputy Director
for Intelligence

Deputy Director
for Science and Technology

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General Counsel

Inspector General

The recommendations contained in paragraph 4 are approved.

Richard Helms
Director of Central Intelligence

3 May 1968.
Date

- 4 -

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SUBJECT: Retirement Policy

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RETIREMENT RATIONALE

1. The production of intelligence bearing on the national security for use at the highest levels of policy determination of the United States Government is a responsibility of the gravest note. The organization bearing this responsibility should be staffed with persons of the highest available intellect, integrity, professionalism, dedication, perspicacity, and dynamism. The Central Intelligence Agency's retirement policy is an essential element of its program for ensuring that its staff possesses these attributes to the highest degree feasible.

2. The personnel staffing program of the Agency is based on the concept of selective recruitment for career employment and managed career development. Selection standards are designed to accept only persons with the highest qualifications and potential for development. The Agency's development program provides a career-long blend of formal training and managed progression through appropriate assignments of increasing breadth and responsibility.

3. The goal of the Agency's development program is to place the best available employee in every position. Promotion policy reinforces career development by advancing those who excel and have the capacity for further growth. The Agency's rigorous system for evaluating the performance of its employees is designed to assure high levels of effectiveness. Those who are unsatisfactory are separated; those who are marginal or unlikely to find full career satisfaction are counseled to resign.

4. Intelligence activities are characterized by continuous changes--in requirements, methods, techniques, processes, and emphases. As these changes occur, the Agency reassigns its career staff employees and provides supplementary training as required. To the extent that these measures do not meet the needs, requisite skills, experience, and special abilities are acquired by the employment of new personnel.

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5. Because there are practical limits to the size of the Agency, the requirement for new employees and the operation of the career development program cannot be accomplished without attrition. Part of this attrition is provided by involuntary separations and resignations through the Agency's system for evaluating employee performance. Other vacancies are provided by voluntary retirement and resignation and by death and disability. But together these do not create a sufficient number of vacancies.

6. The Agency's retirement policy is an integral part of its program to maintain the high level of performance required by its mission and responsibilities. It also provides the additional attrition necessary for career development and the acquisition of new employees. This policy, adopted in 1959, generally limits the career span of its employees to age 60.

7. Agency employees, with some exceptions, have all attained their career peaks several years before reaching age 60. They have had a full CIA career and have made their maximum individual contribution to their Government. Exceptions specifically contemplated are individuals who possess rare scholarship and talents that would be difficult to replace in the normal course of career development and whose retirement would not be in the best interests of the Government. In some cases retirement at 60 may result in loss of valuable experience and know-how and only generate a recruitment and training requirement.

8. It is recognized that enforcement of the policy to retire employees at age 60 occasionally subordinates the personal desires of the individual to the best interests of the Government. This is usually the case when it is necessary for any reason to separate an employee. The normal voluntary retirement age for most Federal employees is 65, and the compulsory age under the Civil Service system is 70. Similar retirement ages for CIA would result in the gradual accumulation of an excessive number of employees of declining performance, whether due to declining health, motivation, or drive or to inability to adapt to change. The effectiveness with which the Agency fulfills its extraordinary responsibilities depends entirely upon the highest possible level of effectiveness in staffing the Agency. Consequently, extraordinary action toward attaining

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and maintaining this goal--such as effecting a retirement policy more stringent than that for the Federal service in general--is warranted.

9. Retirement at age 60 may appear less appropriate for those Agency employees who are in positions that are not unique to intelligence activities. In theory, it might be possible to identify all such positions and exempt the incumbents thereof from the retirement policy.

10. There are two reasons for not doing so. Attempts to formulate criteria of differentiation would generate new problems of morale and administration. The creation of exempt categories of employees would foster odious comparisons. It would thwart the implementation of the general retirement policy indefinitely as groups and individuals pleaded their individual cases.

11. The more fundamental reason for not exempting certain categories of Agency employees is that the work of the Agency must be performed with utmost responsiveness. This requires a general state of mind on the part of all employees that timeliness is critical, accuracy is imperative, and absorption with the task at hand takes priority over personal distractions. Advancing years inevitably bring about a lessening of work vigor and enthusiasm. The larger the proportion of older employees, the greater the debilitating effects on the tenor of the Agency.

12. In summary, the age 60 retirement policy is a key element of the Agency's efforts to attain excellence in its staffing. Without the policy the entire personnel program of the Agency would be impaired. The most vigorous and productive individuals, finding themselves stymied, will leave the service or will never be persuaded to enter in the first place. By shortening the career span of all employees, service in intelligence will continue to be highly attractive to outstanding young men and women. In the end, our national intelligence objectives will be best served.

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